

**Change Item Title: ACA: Expand MA to Maintain Coverage for Children and Pregnant Women up to 275% FPG**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
General Fund				
Expenditures	47,363	141,989	182,250	184,852
Revenues	0	0	0	0
Health Care Access Fund				
Expenditures	(26,875)	(73,076)	(84,084)	(87,705)
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	20,488	68,913	98,166	97,147

**Recommendation:**

The Governor recommends expanding Medical Assistance (MA) eligibility for children ages 2 through 18 from the current 150% FPG to 275% FPG, and transitioning eligibility for pregnant women with incomes to 275% from MinnesotaCare to Medical Assistance effective January 1, 2014. This proposal recognizes savings from moving these populations from MinnesotaCare to MA to offset a portion of the cost.

**Rationale/Background:**

This proposal raises the Medical Assistance eligibility standard for children from 150% FPG to 275%, mirroring the current income standards for this population in MinnesotaCare. This proposal also moves pregnant women with incomes up to 275% FPG currently in MinnesotaCare to coverage under Medical Assistance. Moving these populations to coverage under a single public program simplifies navigation for program participants and allows the state continued receipt of federal CHIP funds for children and pregnant women. This proposal provides savings of \$100 million to the Health Care Access Fund and a cost to the General Fund of \$189 million over the 2014-15 biennium.

**Proposal:**

The Governor recommends expanding Medical Assistance (MA) eligibility for children ages 2 through 18 from the current 150% FPG to 275% FPG, and transitioning eligibility for pregnant women with incomes to 275% from MinnesotaCare to Medical Assistance effective January 1, 2014. This proposal maintains coverage currently available to these groups in MinnesotaCare.

Provisions in the Affordable Care Act (ACA) and the (Children's Health Insurance Program) CHIP reauthorization statute require Minnesota to maintain current MinnesotaCare income eligibility standards for pregnant women and children aged 2 to 18 beyond the January 1, 2014 ACA implementation date to maintain federal CHIP funding. Under current law, the MA eligibility standard for pregnant women is 275% FPG so no change is required for this group. The current MA eligibility standard for children aged 2 through 18 would change from its current 150% FPG to 275% FPG.

Expansion of Medical Assistance is preferable to maintaining MinnesotaCare for this population given the following factors:

- MinnesotaCare and MA for children are virtually identical for most children. Children receive identical benefits and are exempt from cost-sharing on either program. Children with incomes at or below 200% FPG enrolled in MinnesotaCare do not pay monthly premiums; nor do MA enrolled children. The overlap between MA and MinnesotaCare is unnecessary, duplicative and confusing for clients.
- With continued eligibility and medical assistance and the availability of tax credits and cost sharing to purchase private plans through the proposed Health Insurance Exchange, maintaining MinnesotaCare for children would set out three distinct programs to navigate for families. This would further challenge the State's ability to provide seamless eligibility and coverage across the health care continuum.

**Performance Measures:**

Implementation of this proposal will result in an increased average monthly enrollment in MA of roughly 47,000 children in addition to the roughly 64,000 who would move from being eligible for MinnesotaCare to MA. This proposal will reduce Minnesota's rate of uninsurance for children as measured by the annual Health Access Survey administered by MDH.

## 2014-15 Biennial Budget

## Human Services

Statutory Change: 256B.056, subdivision 4

### DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (000's)			FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
General Fund			47,363	141,989	189,352	182,250	184,852	367,102
HCAF			(26,875)	(73,076)	(99,951)	(84,084)	(87,705)	(171,789)
Other Fund								
Federal TANF								
Total All Funds			20,488	68,913	89,401	98,166	97,147	195,313
Budget Detail	BACT#	Description	FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
GF	33	MA-FC	47,363	141,989	189,352	182,250	184,852	367,102
HCAF	31	MA-ED	(26,875)	(73,076)	(99,951)	(84,084)	(87,705)	(171,789)
Requested FTE's								